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UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA

THE BOARD OF TRUSTEES, in their
 capacities as Trustees of the LABORERS
 HEALTH AND WELFARE TRUST FUND
 FOR NORTHERN CALIFORNIA; LABORERS
 VACATION-HOLIDAY TRUST FUND FOR
 NORTHERN CALIFORNIA; LABORERS
 PENSION TRUST FUND FOR NORTHERN
 CALIFORNIA; and LABORERS TRAINING
 AND RETRAINING TRUST FUND FOR
 NORTHERN CALIFORNIA,

Plaintiffs,

v.

CHESTER L. NEAL, Individually and doing
 business as C.L. NEAL CONSTRUCTION,

Defendant.

No. C 07-04784 EMC

**DECLARATION OF JOHN HAGAN
 IN SUPPORT OF PLAINTIFFS'
 MOTION FOR DEFAULT
 JUDGMENT**

Date: August 20, 2008

Time: 10:30 a.m.

Judge: Honorable Edward M. Chen

Courtroom: C, 15th Floor

I, JOHN HAGAN, hereby declare as follows:

1. I am the Accounts Receivable Manager for the Laborers Funds Administrative
 Office of Northern California, Inc., which administers the Laborers Health and Welfare Trust Fund
 for Northern California, Laborers Vacation-Holiday Trust Fund for Northern California, Laborers
 Pension Trust Fund for Northern California, and Laborers Training and Retraining Trust Fund for
 Northern California (hereinafter "Trust Funds" or "Plaintiffs"), Plaintiffs in the above-captioned

DECLARATION OF JOHN HAGAN IN SUPPORT OF PLAINTIFFS' MOTION FOR DEFAULT JUDGMENT
 Case No. C 07-04784 EMC
 115107/489471

1 matter. My business address is Laborers Funds Administrative Office, 220 Campus Lane,
 2 Fairfield, CA 94534-1499, and my business telephone number is (707) 864-2800. I have worked
 3 in the Accounts Receivable department since 1988, and have held the position of Accounts
 4 Receivable Manager since May 2002. In the course of my duties as Accounts Receivable Manager,
 5 I became familiar with the account of Chester L. Neal, individually and doing business as C. L.
 6 Neal Construction (hereinafter "Defendant"), the Defendant in this proceeding. I therefore make
 7 this declaration upon my personal knowledge, and, if called as a witness, I could competently
 8 testify to the facts hereinafter stated.

9 2. As Accounts Receivable Manager, I oversee payment of employer contributions,
 10 pursuant to collective bargaining agreements and trust agreements, and institute negotiations and
 11 collection actions on delinquent accounts. I am also responsible for the collection of fringe benefit
 12 contributions owed based upon an employer audit.

13 3. At all times material herein, Plaintiffs were Trustees of the Laborers Health and
 14 Welfare Trust Fund for Northern California, Laborers Vacation-Holiday Trust Fund for Northern
 15 California, Laborers Pension Trust Fund for Northern California, and Laborers Training and
 16 Retraining Trust Fund for Northern California (hereinafter "Trust Funds"). Each of the above-
 17 named Trust Funds was, and now is, an employee benefit plan created by a written Trust
 18 Agreement subject to and pursuant to section 302 of the Labor Management Relations Act
 19 (hereinafter "LMRA"), 29 U.S.C. § 186, and a multiemployer employee benefit plan within the
 20 meaning of sections 3, 4, and 502 of ERISA, 29 U.S.C. §§ 1002, 1003, and 1132. The Board of
 21 Trustees administers each of the above-named Plaintiff Trust Funds, and may bring this action in
 22 the name of the Trust Funds pursuant to the express provisions of the Trust Agreements.

23 4. The Trust Funds maintain an account for the Defendant. I am familiar with this file.
 24 The Trust Funds' records show that at all relevant times, Defendant was signatory and bound to a
 25 written collective bargaining agreement with the Northern California District Council of Laborers
 26 (hereinafter "Union"), a labor organization within the meaning of section 301 of the LMRA, 29

1 U.S.C. § 185. Defendant became subject to all the terms and conditions of the Laborers Master
 2 Agreement (hereinafter "Master Agreement") by virtue of signing a Memorandum of Agreement
 3 (hereinafter "Memorandum Agreement") with the Union, which incorporated by reference the
 4 Master Agreement. My office retains copies of these agreements as part of the normal course of
 5 business. True and correct copy of the relevant sections of the Laborers Master Agreement for
 6 2002-2006 and 2006-2010 are attached hereto as Exhibit A and Exhibit B, respectively, and are
 7 incorporated by reference herein. A true and correct copy of the Memorandum Agreement signed
 8 on April 24, 2002 is attached hereto as Exhibit C and incorporated by reference herein.

9 5. By its terms, the Master Agreement binds Defendant to the Trust Agreements
 10 establishing each of the Plaintiff Trust Funds. As part of the normal course of business, my office
 11 maintains copies of all trust agreements and related documents. I am familiar with these trust
 12 agreements. True and correct copies of the relevant sections of these Trust Agreements are
 13 attached hereto as Exhibit D and are incorporated by reference herein.

14 6. Defendant is a sole proprietorship. I know this because Defendant is listed with the
 15 California Contractors State License Board as a "Sole Ownership" and assigned contractor license
 16 number 804727. The California Contractors State License Board record for Defendant, which I
 17 reviewed on the California Contractors State License Board's website at <http://www.cslb.ca.gov>, a
 18 is attached hereto as Exhibit E and incorporated by reference herein.

19 7. By signing the Master Agreement and Memorandum Agreement, Defendant agreed
 20 to the terms and conditions of these agreements and the Trust Agreements. Defendant specifically
 21 promised to contribute and pay to the Trust Funds the hourly amounts required by the collective
 22 bargaining agreements for each hour paid for and/or worked by any of its employees who
 23 performed any work covered by said agreements. See, Master Agreement, Ex. A and Ex. B at §§
 24 28A, 1.B.

25 8. The Board of Trustees has, as one of its purposes, the obligation to ensure that
 26 contributions required to be made to the Trust Funds pursuant to the Master Agreement are fully

1 and correctly made. The purposes of the respective Trust Funds are to provide health and welfare,
 2 vacation, pension and other benefits for Laborers on whose behalf contributions are made, and
 3 whose benefits are supported by such contributions, and to ensure that employers who are
 4 signatories to the Master Agreement comply with the terms of those agreements with respect to
 5 payments of contributions to the Trust Funds.

6 9. The Trust Funds rely on employers' self-reporting and conduct audits to ensure the
 7 employers' compliance with their contributing obligations. Performing audits is one way the Trust
 8 Funds may determine if the employer is making full and prompt payment of required contributions
 9 pursuant to the Master Agreement and Trust Agreements.

10 10. Section 7 of the Master Agreement provides that "Each Individual Employer, upon
 11 request of any Trust Fund specified in this Agreement, shall permit a Trust Fund Auditor to review
 12 any and all records relevant to the enforcement of the provisions of this Agreement pertaining to
 13 the Trust Funds." See, Master Agreement, Ex. A and Ex. B at § 7.

14 11. Section 28A of the Master Agreement provides

15 Any Individual Employer who is found to be delinquent as a result of an
 16 audit will pay and satisfy such delinquency with accrued interest and in
 17 addition pay liquidated damages. All delinquent contributions shall bear
 18 simple interest at the rate of one and one-half percent (1.5%) per month until
 19 receipt of payment. Subject to accounting verification, liquidated damages
 shall be assessed on delinquent contributions at a flat rate of one hundred
 and fifty dollars (\$150.00) per month to reflect the internal administrative
 costs incurred by the trust administrators in monitoring and tracking such
 late contributions.

20 Master Agreement, Ex. A and Ex. B at § 28A.

21 12. The Trust Agreements at Article IV, section 9 of the Health and Welfare Fund,
 22 Article VI, section 8 of the Vacation-Holiday Fund, Article IV, section 8 of the Pension Fund, and
 23 Article IV, section 8 of the Training Fund, each provide that:

24 Upon request in writing from the Board of Trustees, an Individual Employer
 25 will permit a Trust Fund Auditor to enter upon the premises of such
 26 Individual Employer during business hours, at a reasonable time or times,
 not less than two (2) working days after such request, and to examine and
 copy such books, records, papers, or reports of such Individual Employer as
 may be necessary to determine whether the Individual Employer is making

1 full and prompt payment of all sums required to be paid by him to the Fund.

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3 13. In accordance with the above provisions of the Master Agreement and the Trust
4 Agreements, the Trust Funds demanded an audit of Defendant's records to determine if Defendant
5 made proper reporting to the Trust Funds. Since Defendant refused to comply with the Trust
6 Funds' audit demands, the Trust Funds referred the matter to the Trust Funds' attorneys, Weinberg,
7 Roger & Rosenfeld, and the Trust Funds brought an action for audit, breach of contract, damages,
8 and injunction.

9 14. The above-mentioned Agreements provide for the payment of reasonable attorneys'
10 fees and costs in connection with this matter due to Defendant's failure to allow the audit pursuant
11 to those Agreements. See, Trust Agreements, Ex. C, Health and Welfare Trust Fund Article IV, §
12 3; Pension Trust Fund Article IV, § 3; Vacation-Holiday Trust Fund Article III, § 6; and Training
13 and Retraining Trust Fund Article IV, § 3.

14 15. In light of Defendants' failure to submit to an audit, the Trust Funds have incurred
15 attorney's fees and costs as detailed in the accompanying Declaration of Kristina M. Zinnen.

16 I declare under penalty of perjury that the foregoing is true and correct to the best of my
17 knowledge and if called as a witness I could competently testify thereto.

18 Executed this 19th day of June, 2008, at Fairfield, California.

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20 JOHN HAGAN

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